GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:430
ANSWERED ON:25.04.2000
CLOSURE OF PUBLIC SECTOR FERTILIZER PLANTS
AMBATI BRAHMANAIAH;SUNIL KHAN

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government propose to close down a number of public sector fertilizer plants during the next three years;

(b) if so, the details thereof;

(c) the reasons for not reviving the sick plants;

(d) whether the Ramagundam fertilizer plant is also earmarked for closure;

(e) if so, the extent to which such closures would affect the availability of fertilizer to farmers in Andhra Pradesh and elsewhere; and

(f) the steps taken/proposed to be taken to ensure the smooth supply of fertilizer by the Government ?

Answer

THE MINISTER OF CHEMICALS & FERTILISERS

(SHRI SURESH P. PRABHU)

(a) to (f) : Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF THE LOK SABHA STARRED QUESTION NO. 430 TO BE ANSWERED ON 25.4.2000

(a) & (b) : Action with regard to fertilizer Public Sector Undertakings (PSUs) is to be taken keeping in view Government's declared policy towards public sector, which is restructure and revive potentially viable PSUs; close down PSUs which cannot be revived while fully protecting the interests of workers.

(c) : Revival of sick fertilizer plants is dependent on unitwise techno-economic viability. The rehabilitation of these units is beset with complexities on account of outdated technologies with serious mismatch in equipments, inherent design and equipment deficiencies and accumulated losses, which today stand at Rs. 4209.53 crore for Hindustan Fertilizer Corporation Ltd.(HFC) and Rs. 5880.95 crore for Fertilizer Corporation of India Ltd.(FCI), thereby requiring huge investments without any assurance of commensurate results in terms of sustained and viable operations of these old units. Due to these complex problems that need to be tackled, the magnitude of investment required and the statutory requirement connected with Sick Industrial Companies (Special Provisions) Act, 1985, it has not been possible to arrive at a final decision.

(d) : The production operations of Ramagundam plant of Fertilizer Corporation of India Ltd. had to be suspended from 1.4.1999 due to very high cost of production and continuing operational losses. The rehabilitation of FCI including its Ramagundam unit depends on the decision of the competent authority in the Government and the final sanction of the Board for Industrial and Financial Reconstruction.

(e) & (f) : The suspension of operations of the Ramagundam unit has not affected the consumption of urea in Andhra Pradesh and elsewhere in the country. No state in the country is dependent for urea availability from one source. To ensure adequate availability of urea, multiple supply linkages are given to the States from indigenous producers and in case of need, supply is further augmented through imports. The production of urea in the country has been supplemented by additional capacities, which have been created recently. The production of urea in the country has gone up from 142.83 LMT to 198.68 LMT during the period 1994-95 to 1999-2000. From the table below, giving details of urea supplied for the last three years, it can be observed that sufficient quantities of urea have been made available for the State of Andhra Pradesh.

Sl.No.	Season	ECA Allocation	Total Availability	Sales	Closing Stock
1.	Kharif'97	1079.67	1110.62	826.57	284.05

2. Rabi'97-98 1043.38 1165.60 879.23 286.37

3. Kharif'98 1053.56 1080.73 955.57 125.16

4. Rabi'98-99 1153.00 1212.03 1058.59 153.44

5. Kharif'99 1096.00 1148.64 1032.54 116.10
6. Rabi'99-00 1135.55 896.09 702.92 193.17

Availability and sales from 1.10.99 to 31.1.2000

As regards decontrolled fertilizers, the demand of each state including Andhra Pradesh is met by market forces operating within the parameters of the Concession Scheme of Department of Agriculture & Cooperation.